STATE OF CALIFORNIA

CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION
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Director

December 12, 2025

Honorable Scott Wiener, Chair
Joint Legislative Budget Committee
1020 N Street, room 553
Sacramento, CA 95814

Attention: Mr. Hans Hemann

Re: Cigarette and Tobacco Products Licensing Act Law Section 22990.7, Annual Report to the Legislature

Dear Chairman Wiener:

Pursuant to the requirements of the Cigarette and Tobacco Products Licensing Act Law Section 22990.7, this report summarizes the California Department of Tax and Fee Administration's (CDTFA) data about whether the annual licensing fee funding levels are set at an appropriate level to maintain an effective enforcement program for the *Cigarette and Tobacco Products Licensing Act of 2003*. This report includes the total revenue collected and total cost incurred during fiscal year 2024-25, as well as the beginning and ending balances of the Cigarette and Tobacco Products Compliance Fund (Fund 3067).

Beginning Fund 3067 Balance (Adjusted):	$ 11,890,841
Revenue Collected:	$ 10,242,730
CDTFA Administrative Cost:	-$ 6,872,591
State Expenses:	-$ 1,529,467
Ending Fund 3067 Balance:	$ 13,731,513

Chapter 849, Statutes of 2024 (AB 3218) enacted the Unflavored Tobacco List, Chapter 462, Statutes of 2024 (SB 1230) provided CDTFA authority to seize flavored tobacco products, and Chapter 248, Statutes of 2025 (AB 8) bans tobacco retailers from selling industrial hemp products. This legislation creates new enforcement workload costs. Beginning July 1, 2026, Chapter 269, Statutes of 2025 (AB 573) will increase the licensing fee for tobacco retailers from $265 to $450. This is estimated to generate sufficient revenue in Fund 3067 and allow CDTFA to enforce this program through 2026-27.

If you have questions regarding this report, please contact the Financial Management Branch at (916) 309-1262.

Sincerely,

Trista Gonzalez
Director

TG:mg

cc:
The Honorable Christopher Cabaldon, Chair, Senate Budget and Fiscal Review, Subcommittee #4
The Honorable Anna Caballero, Chair, Senate Committee on Appropriations
The Honorable Jesse Gabriel, Chair, Assembly Committee on Budget
The Honorable Sharon Quirk-Silva, Chair, Assembly Budget Subcommittee #5
The Honorable Buffy Wicks, Chair, Assembly Committee on Appropriations
The Honorable Mike A. Gipson, Chair, Assembly Committee on Revenue and Taxation
Mr. Chris Hill, Department of Finance
Ms. Erika Contreras, Secretary of the Senate
Mr. Seth Kerstein, Legislative Analyst's Office
Ms. Sue Parker, Office of the Chief Clerk of the California State Assembly
Mr. Hans Hemann, Consultant, Joint Legislative Budget Committee
Mr. Scott Ogus, Deputy Staff Director, Senate Budget Fiscal and Review Committee
Mr. Mark McKenzie, Staff Director, Senate Appropriations Committee
Mr. Christian Griffith, Chief Consultant, Assembly Budget Subcommittee #5
Mr. Jay Dickenson, Chief Consultant, Assembly Committee on Appropriations
Mr. Irene Ho, Deputy Chief Consultant, Assembly Committee on Appropriations
Mr. M. David Ruff, Chief Consultant, Assembly Revenue and Taxation Committee
Ms. Trista Gonzalez (MIC 104)
Mr. Gentian Droboniku (MIC 67)
Ms. Michele Linton (MIC 105)
Mr. Jason Mallet (MIC 25)
Ms. Susanne Buehler (MIC 43)
Mr. Brad Miller (MIC 75)
Ms. Aimee Olhiser (MIC 92)
Ms. Sandy Barrow (MIC 31)